

## RECOMMENDATIONS

### *Addressing China's Regional Activities*

- The Commission recommends that Congress work with the Administration to assess China's objectives and tactics in regions around the globe and identify the extent to which Chinese interests run, or could run, contrary to U.S. interests. Specific areas

and issues about which the Commission is concerned include China's efforts to—

- Secure energy resources in the Western Hemisphere, which may lead the United States to depend more heavily on Middle East oil.
  - Improve its relations with, and obtain access to the oil and minerals of, problematic countries such as Iran, Sudan, and Zimbabwe that frustrate U.S. and other nations' efforts to curb the objectionable behavior of such countries.
  - Push U.S. counterterrorism forces in Central Asia out of the region.
  - Improve its rapport with India at the expense of the strengthening relationship between the United States and India. To facilitate this effort, Congress should urge the Administration to increase intelligence capabilities focused on China and its global activities to increase U.S. knowledge about China's objectives and tactics.
- The Commission recommends that Congress encourage the President and the Secretaries of State and Defense to continue to press their European counterparts to maintain the EU embargo on weapons sales to China. U.S. officials must emphasize in the starkest terms that removal of the embargo is not merited by significant improvements in China's human rights actions. They also must stress that flows of weapons to China that might result from lifting the embargo could increase the risk of conflict between China and the United States and also increase the likely cost to the United States of any such conflict in time, money, materiel, and casualties—and that, consequently, the United States will view lifting the embargo with grave concern.
  - The Congress should urge the Administration to reach out to and work with regional alliances, institutions, and organizations to preserve other sources of power and influence that can help to maintain political and power equilibrium in the world's various regions that may be adversely affected and distorted by a rising China.
  - The Commission recommends that Congress examine whether China is eroding Hong Kong's autonomy in violation of its commitments under the Sino-British Joint Declaration of 1984, the Hong Kong Basic Law, and the principle of 'one country, two systems.' If it concludes this is occurring, Congress should determine whether to recommend to the President that he invoke the provisions of the U.S.-Hong Kong Policy Act, i.e. "whenever the President determines that Hong Kong is not sufficiently autonomous to justify treatment under a particular law of the United States ... the President may issue an Executive Order suspending the certification of section 201(a) regarding continued separate application of U.S. laws with respect to Hong Kong." The Commission believes it is important that the authorities in Beijing be aware that the question of Hong Kong's status is a matter of special concern to the Congress.

*Addressing China's Proliferation Practices and Record*

- Current sanctions against Chinese companies that proliferate equipment and technology related to WMD and their delivery systems should be broadened and harmonized for increased effectiveness. The Commission recommends that Congress expand current sanctions regimes to extend penalties to the parent company of a subsidiary that engages in proliferation activities, regardless of the parent company's knowledge of or involvement in the problematic transaction. Access to U.S. markets (including capital markets), technology transfers, and U.S. government grants and loans should be restricted from proliferating companies and their parent companies and related subsidiaries irrespective of the related firms' knowledge of the transfers in question.
- In cases where diplomatic efforts are unsuccessful in spurring the government of a country such as China to take effective actions to halt proliferating activity, the United States should use its economic leverage to ensure action. In connection with the recommendation above that Congress broaden and harmonize proliferation sanctions, and consonant with recommendations contained in its 2002 and 2004 Annual Reports, the Commission recommends that Congress amend all current statutes pertaining to proliferation to—
  - Coordinate and increase the array of sanctions the President is authorized to invoke against foreign governments that directly proliferate WMD, their delivery systems, and associated technologies to include increased import and export limitations; restrictions on access to U.S. capital markets; restrictions on U.S. direct investment; U.S. opposition to loans from international financial institutions; prohibition of loans from U.S. banks; reduction or elimination of foreign assistance; prohibition of arms sales and military financing; elimination of U.S. government credit or credit guarantees; prohibition of U.S. government procurement from any company based in the offending country; and restrictions on science and technology cooperation with or transfers to the offending country. The new authority should require the President to report to Congress the rationale for and proposed duration of the sanctions within 72 hours of imposing them and, in any case where the President waives imposition of such a sanction, the authority should require the President to notify Congress of the justification for that waiver.
  - Authorize the President to impose the same sanctions listed above, where applicable, against a country or the government of a country in cases where companies in the country are persistently engaged in proliferation of WMD, their delivery systems, and associated technologies and where the government does not take effective steps to curtail those activities.
- The Commission recommends that the Congress urge the Administration to work closely with other countries to address Chinese proliferation issues.

*Improving Port Security*

- The Commission recommends that Congress direct the Department of Homeland Security to give greater priority to threats posed by waterborne shipping. As part of this effort, specific attention must be paid to the need for enhancing inspection of container seals and ensuring that appropriate paperwork accompanies these containers. Import and export containers must be refused entry without proper documentation. Proper attention must be given to ensuring that bonded agents and other personnel are able to appropriately and adequately inspect containers. Technological approaches to inspecting containers and ships must supplement, not replace, human inspections.
- Congress should press the Administration to give greater priority to its Megaports Initiative and highlight the need for China to reach agreement on this program. Refusal to cooperate on the Megaports Initiative should trigger enhanced inspection procedures on products coming from ports that have been determined to be of concern to U.S. security officials.

*Pressing China to Curtail North Korea's Nuclear Weapons Programs*

- China should be commended for its diplomatic activity in bringing North Korea back to the Six-Party Talks and for circulating the set of principles to which all parties agreed on September 19, 2005. The Commission recommends that Congress call on the Administration to press China to use its substantial leverage with North Korea to secure its adherence to the agreed principles.
- If North Korea fails to abide by the agreed principles it signed in September 2005, the Commission recommends that Congress direct the Administration to devise and pursue alternative methods to address this problem outside the Six-Party Talks. In such a case, Congress also should encourage the Administration to propose a United Nations Security Council resolution that at a minimum condemns North Korea's February 10, 2005 statement and calls on it to dismantle its nuclear weapons programs and nuclear weapons. China's response to, and vote on, such a resolution will reveal its sincerity in pressuring North Korea to resolve this matter.

*Addressing China's Energy Policies*

- The Commission recommends that Congress:
  - Mandate the establishment of a "U.S.-China Energy Working Group" in which both nations are represented by senior government officials, supported by an advisory group composed of representatives of relevant industry, environmental, academic, research and non-governmental organizations and members of Congress. The Group should have the responsibility to (1) identify areas where both nations can most profitably work together for mutual benefit on energy issues and challenges; (2) identify and rank areas and issues with respect to which there is a significant possibility that U.S.-China energy-related con-

- flicts will develop; (3) offer recommendations to both governments for resolving energy-related problems and disagreements; (4) offer recommendations to both governments for promoting development and use of conservation and efficiency mechanisms, alternative fuels, and other means of securing energy self-sufficiency and reducing the need for imported energy sources, especially oil; and (5) oversee and make recommendations to both governments concerning joint research and development activities in energy-related fields;
- Encourage the initiation of new cooperative efforts with China to (1) increase the efficiency of its energy use, including energy use intensity reduction, clean coal technologies, coal-to-liquids technologies, and combustion efficiency improvements; (2) shift some current reliance on oil to coal (using advanced clean coal technology) and natural gas; and (3) explore and pursue the economic, technical, and logistical feasibility of using renewable energy sources in lieu of some portion of the projected increase in oil use. At the same time, China should be strongly encouraged to (1) abandon its policy of acquiring oil at the wellhead or field in a mercantilist fashion; (2) procure oil and gas according to international practices (i.e. purchasing it on the open international marketplace); and (3) cease providing assistance, arms, and proliferation-related technologies to problematic states in possible return for access to their energy resources; and
  - Urge the Administration to use all available bilateral and multilateral diplomatic means to persuade China to change its approach to energy security with respect to oil resources by (1) purchasing oil for import in the open international oil market; (2) coordinating its activities with the IEA; and (3) engaging in the IEA's efforts to build oil stocks and release them on a coordinated basis in the event of supply disruptions or speculation-driven price spikes.
- The Commission urges Congress to instruct the U.S. intelligence community to increase its intelligence collection with respect to Chinese activities in Africa, Central Asia, and, especially, the Western Hemisphere, in order to advise both appropriate Executive Branch and Legislative Branch officials of energy-related actions and trends that warrant careful attention and response.

**Appendix A Summary of Proliferation Sanctions Against Chinese Companies** <sup>194</sup>

Entity/Person	Reason: Statutes	Effective Dates
<ul style="list-style-type: none"> <li>—China Great Wall Industry Corporation</li> <li>—China Precision Machinery Import/Export Corp. (CPMIEC)</li> </ul>	Missile Proliferation: § 73(a)(2)(A), Arms Export Control Act § 11B(b)(1)(B)(i), Export Administration Act (Category II items in MTCR Annex to Pakistan)	June 25, 1991 waived on March 23, 1992
Ministry of Aerospace Industry, including CPMIEC, and related entities, including: —China National Space Administration —China Aerospace Corp. —Aviation Industries of China —CPMIEC —China Great Wall Industry Corp. or Group —Chinese Academy of Space Technology —Beijing Wan Yuan Industry Corp. (aka Wanyuan Company or China Academy of Launch Vehicle Technology) —China Haiying Company —Shanghai Astronautics Industry Bureau —China Chang Feng Group (aka China Changfeng Company)	Missile Proliferation: § 73(a)(2)(A), Arms Export Control Act § 11B(b)(1)(B)(i), Export Administration Act (Category II items in MTCR Annex to Pakistan)	August 24, 1993 waived on November 1, 1994
5 PRC Citizens: —Liao Minglong —Tian Yi —Chen Qingchang (aka Q.C. Chen) —Pan Yongming —Shao Xingsheng 2 PRC Companies: —Nanjing Chemical Industries Group —Jiangsu Yongli Chemical Engineering and Technology Import/Export Corp. 1 Hong Kong Company: —Cheong Yee Ltd.	CW Proliferation: § 81(c), Arms Export Control Act § 11C(c), Export Administration Act (dual-use chemical precursors, equipment, and/or technology to Iran)	May 21, 1997 remain in effect
—Jiangsu Yongli Chemicals and Technology Import/Export Corp.	CW/BW Proliferation: § 3, Iran Nonproliferation Act	June 14, 2001 for two years
—China Metallurgical Equipment Corp. (aka CMEC, MECC)	Missile Proliferation: § 73(a)(2)(A), Arms Export Control Act § 11B(b)(1)(B)(i), Export Administration Act (MTCR Category II items to Pakistan)	September 1, 2001 for two years

**Appendix A Summary of Proliferation Sanctions Against Chinese Companies** <sup>194</sup>

Entity/Person	Reason: Statutes	Effective Dates
<ul style="list-style-type: none"> <li>—Liyang Chemical Equipment</li> <li>—China Machinery and Electric Equipment Import/Export Co.</li> <li>—Q.C. Chen</li> </ul>	CW/BW Proliferation: § 3, Iran Nonproliferation Act (Australia Group Controls)	January 16, 2002 for two years
<ul style="list-style-type: none"> <li>—Liyang Yunlong (aka Liyang Chemical Equipment Co.)</li> <li>—Zibo Chemical Equipment Plant (aka Chemet Global Ltd.)</li> <li>—China National Machinery and Electric Equipment Import and Export Co.</li> <li>—Wha Cheong Tai Co.</li> <li>—China Shipbuilding Trading Co.</li> <li>—CPMIEC</li> <li>—China Aero-Technology Import/Export Corp. (CATIC)</li> <li>—Q.C. Chen</li> </ul>	Weapons Proliferation: § 3, Iran Nonproliferation Act (AG-controlled items and conventional weapons-related technology related to unspecified missiles)	May 9, 2002 for two years
<ul style="list-style-type: none"> <li>—Jiangsu Yongli Chemicals and Technology Import Export Corp.</li> <li>—Q.C. Chen</li> <li>—China Machinery and Equipment Import Export Corp.</li> <li>—China National Machinery and Equipment Import Export Corp.</li> <li>—CMEC Machinery and Electric Equipment Import Export Co.</li> <li>—CMEC Machinery and Electrical Import Export Co.</li> <li>—China Machinery and Electric Equipment Import Export Co.</li> <li>—Wha Cheong Tai Co.</li> <li>—China Shipbuilding Trading Co.</li> </ul>	Weapons Proliferation: § 1604(b), Iran-Iraq Arms Non-Proliferation Act and § 81(c), Arms Export Control Act § 11C(c), Export Administration Act (chemical weapons technology to Iran)	July 9, 2002 for two years for one year
<ul style="list-style-type: none"> <li>—North China Industries Corporation (NORINCO)</li> </ul>	Only under Iran-Iraq Arms Nonproliferation Act (cruise missile technology)	
<ul style="list-style-type: none"> <li>—Taian Foreign Trade General Corporation</li> <li>—Zibo Chemical Equipment Plant</li> <li>—Liyang Yunlong Chemical Equipment Group Company</li> <li>—NORINCO</li> <li>—CPMIEC</li> </ul>	Missile Proliferation: Executive Order 12938 (amended by Executive Order 13094) (missile technology to Iran)	May 23, 2003 for two years
<ul style="list-style-type: none"> <li>—CPMIEC</li> </ul>	Missile Proliferation: § 3, Iran Nonproliferation Act	June 26, 2003 for two years
	Missile Proliferation: Executive Order 12938 (as amended by Executive Order 13094) (missile technology to publicly unnamed country)	July 30, 2003 for indefinite period

<p>—NORINCO</p>	<p>Missile Proliferation: § 73(a)(2)(A) and (C), Arms Export Control Act § 11B(b)(1)(B)(i) and (iii), Export Administration Act (Substantial contribution in proliferation of MTCR Category II technology to publicly unnamed country)</p>	<p>September 19, 2003 for two years; waiver for one year on import ban for non-NORINCO products; waiver extended on September 18, 2004 for six months; waiver extended on March 18, 2005 for six months; waiver extended on September 18, 2005 for six months</p>
<p>—Beijing Institute of Opto-Electric Technology (BIOET) —NORINCO —CPMIEC —Oriental Scientific Instruments Corporation (OSIC) —Zibo Chemical Equipment Plant (aka Chemet Global Ltd., South Industries Science and Technology Trading Company)</p>	<p>Weapons Proliferation: § 3, Iran Nonproliferation Act (unspecified transfers to Iran controlled under multilateral export control lists or having the potential to make a material contribution to WMD or cruise or ballistic missiles)</p>	<p>April 1, 2004 for two years</p>
<p>—Xinshidai (aka China Xinshidai Company, XSD, China New Era Group, or New Era Group)</p>	<p>Missile Proliferation: Executive Order 12938 (as amended by Executive Order 13094) (material contribution to missile proliferation in publicly unnamed country)</p>	<p>September 20, 2004 for two years</p>
<p>—Beijing Institute of Aerodynamics —BIOET —China Great Wall Industry Corporation —NORINCO —LIMMT Economic and Trade Company, Ltd. —OSIC —South Industries Science and Technology Trading Co.</p>	<p>Weapons Proliferation: § 3, Iran Nonproliferation Act (unspecified transfers to Iran controlled under multilateral export control lists or having the potential to make a material contribution to WMD or cruise or ballistic missiles)</p>	<p>September 23, 2004 for two years</p>
<p>—Liaoning Jiayi Metals and Minerals Co. —Q.C. Chen —Wah Cheong Tai Co. Ltd. —Shanghai Triple International Ltd.</p>	<p>Weapons Proliferation: § 3, Iran Nonproliferation Act (unspecified transfers to Iran controlled under multilateral export control lists or having the potential to make a material contribution to WMD or cruise or ballistic missiles)</p>	<p>November 24, 2004 for two years</p>
<p>—Beijing Alite Technologies Co. Ltd. —CAITC —China Great Wall Industry Corp. —NORINCO —Q.C. Chen —Wah Cheong Tai Co. (aka Wah Cheong Tai Co., Hua Chang Tai Co.) —Zibo Chemet Equipment Corp. (aka Chemet Global Ltd.)</p>	<p>Weapons Proliferation: § 3, Iran Nonproliferation Act (unspecified transfers to Iran controlled under multilateral export control lists or having the potential to make a material contribution to WMD or cruise or ballistic missiles)</p>	<p>December 27, 2004 for two years</p>

## **Appendix B Joint Statement of the Fourth Round of the Six-Party Talks**

Beijing, September 19, 2005<sup>195</sup>

The following is a text of the joint statement at the conclusion of the fourth round of Six-Party Talks, as released in Beijing on September 19, 2005 by the Ministry of Foreign Affairs of the People's Republic of China.

### **Joint Statement of the Fourth Round of the Six-Party Talks Beijing 19 September 2005**

The Fourth Round of the Six-Party Talks was held in Beijing, China among the People's Republic of China, the Democratic People's Republic of Korea, Japan, the Republic of Korea, the Russian Federation, and the United States of America from July 26th to August 7th, and from September 13th to 19th, 2005.

Mr. Wu Dawei, Vice Minister of Foreign Affairs of the PRC, Mr. Kim Gye Gwan, Vice Minister of Foreign Affairs of the DPRK; Mr. Kenichiro Sasae, Director-General for Asian and Oceanian Affairs, Ministry of Foreign Affairs of Japan; Mr. Song Min-soon, Deputy Minister of Foreign Affairs and Trade of the ROK; Mr. Alexandr Alekseyev, Deputy Minister of Foreign Affairs of the Russian Federation; and Mr. Christopher Hill, Assistant Secretary of State for East Asian and Pacific Affairs of the United States attended the talks as heads of their respective delegations.

Vice Foreign Minister Wu Dawei chaired the talks.

For the cause of peace and stability on the Korean Peninsula and in Northeast Asia at large, the Six Parties held, in the spirit of mutual respect and equality, serious and practical talks concerning the denuclearization of the Korean Peninsula on the basis of the common understanding of the previous three rounds of talks, and agreed, in this context, to the following:

1. The Six Parties unanimously reaffirmed that the goal of the Six-Party Talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner. The DPRK committed to abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards. The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK with nuclear or conventional weapons.

The ROK reaffirmed its commitment not to receive or deploy nuclear weapons in accordance with the 1992 Joint Declaration of the Denuclearization of the Korean Peninsula, while affirming that there exist no nuclear weapons within its territory. The 1992 Joint Declaration of the Denuclearization of the Korean Peninsula should be observed and implemented. The DPRK stated that it has the right to peaceful uses of nuclear energy. The other parties expressed their respect and agreed to discuss, at an appropriate time, the subject of the provision of light water reactor to the DPRK.

2. The Six Parties undertook, in their relations, to abide by the purposes and principles of the Charter of the United Nations and recognized norms of international relations. The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies. The DPRK and Japan undertook to take steps to normalize their relations in accordance with the Pyongyang Declaration, on the basis of the settlement of unfortunate past and the outstanding issues of concern.

3. The Six Parties undertook to promote economic cooperation in the fields of energy, trade and investment, bilaterally and/or multilaterally.

China, Japan, ROK, Russia and the US stated their willingness to provide energy assistance to the DPRK. The ROK reaffirmed its proposal of July 12th 2005 concerning the provision of 2 million kilowatts of electric power to the DPRK.

4. The Six Parties committed to joint efforts for lasting peace and stability in Northeast Asia. The directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum. The Six Parties agreed to explore ways and means for promoting security cooperation in Northeast Asia.

5. The Six Parties agreed to take coordinated steps to implement the aforementioned consensus in a phased manner in line with the principle of "commitment for commitment, action for action."

6. The Six Parties agreed to hold the Fifth Round of the Six-Party Talks in Beijing in early November 2005 at a date to be determined through consultations.

## ENDNOTES

1. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Randall G. Schriver, July 21, 2005; U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Steve Tsang, July 21, 2005; and U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Marvin C. Ott, July 22, 2005.
2. Ministry of Commerce, People's Republic of China press release, "National Assimilation of FDI From January to December 2004" (Beijing, China: January 16, 2005). China's contracted foreign investment for 2004 totaled \$153.5 billion, of which \$60.6 billion was realized. China's accumulated contracted foreign investment reached \$1.1 trillion in 2004, of which \$562.1 billion has been realized.
3. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Randall G. Schriver, July 21, 2005.
4. Ministry of Foreign Affairs, People's Republic of China, *China's Stand on South-South Cooperation* (Beijing, China: August 18, 2003).
5. For example, see "Togolese President Pledges to Continue Supporting One-China Policy," *Xinhua*, September 1, 2005. See also "President Hu Meets with Estonian Counterpart," *Xinhua*, August 25, 2005.
6. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Princeton Lyman, July 21, 2005.
7. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Randall G. Schriver, July 21, 2005.
8. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Randall G. Schriver, July 21, 2005.
9. Ministry of Foreign Affairs, People's Republic of China, *China's Views on the Development of Multipolarization* (Beijing, China: August 18, 2003).
10. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Avery Goldstein, July 21, 2005.
11. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Randall G. Schriver, July 21, 2005.
12. Paul Mooney, "China's Africa Safari," *Yale Global Online*, January 3, 2005.
13. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of David H. Shinn, July 21, 2005.
14. See Chapter 5 for more detail on China's control of its domestic news media and society.
15. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Princeton Lyman, July 21, 2005.
16. "Zimbabwe Reveals China Arms Deal," *BBC News*, June 16, 2004.
17. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen G. Rademaker, March 10, 2005. See also Human Rights Watch, *China's Involvement in Sudan: Arms and Oil* (New York, NY: November 25, 2003). <http://www.hrw.org/reports/2003/sudan1103/26.htm>
18. Kenneth Roth, "Don't Quench Thirst for Oil With Blood," *Asian Wall Street Journal*, January 21, 2005.
19. OPEC, *Monthly Oil Market Report* (Vienna, Austria: February 2005).
20. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of David Shinn, July 21, 2005.
21. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Princeton Lyman, July 21, 2005.
22. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Princeton Lyman, July 21, 2005.
23. Drew Thompson, "Economic Growth and Soft Power: China's Africa Strategy," *The Jamestown Foundation China Brief*, December 7, 2004.

24. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Princeton Lyman, July 21, 2005.
25. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Claudio Loser, July 21, 2005.
26. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
27. Gary Marx, "Beijing Bolsters Economic Ties with Eager Latin America," *Chicago Tribune*, December 20, 2004, p. 4.
28. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Claudio Loser, July 21, 2005.
29. "China's Ties with Latin America Enter 'Best Period in History'—Experts," *Financial Times*, December 28, 2004.
30. Jonathan Wheatley, "Brazil Says China Deal Falling Short of Its Hopes," *Financial Times*, October 3, 2005, p. 1.
31. "China's Oil Diplomacy Offers Aid in Latin America," *Taipei Times*, March 6, 2005, p. 9.
32. U.S. Energy Department, Energy Information Administration, *Country Analysis Brief—Venezuela*, (Washington, DC: September 2005).
33. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Christopher M. Dent, July 22, 2005.
34. U.S.-China Economic and Security Review Commission, *Symposia on Transatlantic Perspectives on Economic and Security Relations with China*, testimony of Kay Möller, November 30, 2004, p. 137.
35. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Robin Niblett, July 22, 2005.
36. U.S.-China Economic and Security Review Commission, *Symposia on Transatlantic Perspectives on Economic and Security Relations With China*, testimony of Peter Ferdinand, November 30, 2004, p. 56.
37. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Christopher M. Dent, July 22, 2005.
38. European Union, DG Trade, *China*, (Brussels, Belgium: July 5, 2005). <http://trade-info.cec.eu.int/doclib/html/113366.htm>
39. U.S.-China Economic and Security Review Commission, *Symposia on Transatlantic Perspectives on Economic and Security Relations with China*, testimony of Philippe van Amersfoort, November 30, 2004, p. 116; and U.S.-China Economic and Security Review Commission, *Symposia on Transatlantic Perspectives on Economic and Security Relations with China*, testimony of Francesco Marchi, November 30, 2004, p. 19.
40. "EU Says China Not a Market Economy," *United Press International*, June 28, 2004.
41. "Solana: Lifting Arms Ban on Long-Term Agenda," *Agence France Presse*, September 7, 2005.
42. Glenn Frankel, "E.U. Wavers On Allowing Arms Sales To Beijing," *Washington Post*, March 23, 2005, p. A-10.
43. U.S.-China Economic and Security Review Commission, *Symposia on Transatlantic Perspectives on Economic and Security Relations With China*, testimony of Frank Umbach, November 30, 2004, pp. 84-86.
44. For more information about the EU arms embargo, see Chapter 3, Section 1.
45. For a detailed discussion of the cross-Strait situation, see Chapter 3.
46. U.S.-China Economic and Security Review Commission, *Hearing on China's Military Modernization and Cross-Strait Balance*, testimony of Richard C. Bush, September 15, 2005.
47. Japan External Trade Organization press release, "Japan's Trade with China Sets Sixth Straight Record in 2004" (Tokyo, Japan: February 21, 2005).
48. U.S.-China Business Council, *China's Trade Performance* (Washington, DC: 2005).
49. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Marvin C. Ott, July 22, 2005.

50. Philip P. Pan, "Japan-China Talks Fail to Ease Tensions," *Washington Post*, April 18, 2005.
51. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Michael W. Chinworth, July 22, 2005.
52. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Michael W. Chinworth, July 22, 2005.
53. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Avery Goldstein, July 21, 2005; and U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Bronson E. Percival, July 22, 2005.
54. For an example of this school of thought, see Zheng Bijian, "China's 'Peaceful Rise' to Great-Power Status," *Foreign Affairs* (September-October 2005).
55. "Tsang's Big Bang Theory Ridiculed," *South China Morning Post (HK)*, October 26, 2005.
56. Tarique Niazi, "China's March on South Asia," *The Jamestown Foundation China Brief*, April 26, 2005.
57. Brad Adams, "Nepal at the Precipice," *Foreign Affairs* (September-October 2005).
58. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of M.D. Nalapat, July 22, 2005.
59. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of John W. Garver, July 22, 2005.
60. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of John W. Garver, July 22, 2005.
61. "India and China to Resolve Border Dispute," *United Press International*, September 15, 2005.
62. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of John W. Garver, July 22, 2005. (Emphasis in original.)
63. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Herman Pirchner, Jr., July 22, 2005.
64. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Paul Goble, July 22, 2005.
65. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Herman Pirchner, Jr., July 22, 2005.
66. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Herman Pirchner, Jr., July 22, 2005.
67. Willy Lam, "Hu's Central Asian Gamble to Counter the U.S. 'Containment Strategy,'" *The Jamestown Foundation China Brief*, July 5, 2005.
68. "First China-Russia Military Exercises Conclude," *Xinhua*, August 25, 2005.
69. "China and Russia Call for U.S. Withdrawal in Central Asia," *Associated Press*, July 5, 2005.
70. Jeremy Bransten, "Central Asia: China's Mounting Influence," [www.Eurasianet.org](http://www.Eurasianet.org), November 23, 2004.
71. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Herman Pirchner, Jr., July 22, 2005.
72. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 46.
73. Shirley Kan, "China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues," *CRS Report for Congress* (Washington, DC: April 5, 2005), pp. 3-5.
74. Nuclear Threat Initiative, *China's Nuclear Exports and Assistance to Pakistan* (November 14, 2003). <http://www.nti.org/db/china/npakpos.htm>. This report describes how U.S. intelligence agencies reported that China had transferred nuclear weapons-related technology and material to Pakistan.

75. William Broad and David Sanger, "The Bomb Merchant: Chasing Dr. Khan's Network," *New York Times*, December 26, 2004, p. A-1. See also Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, *Report to the President* (Washington, DC: March 31, 2005), p. 257.

76. U.S. Senate Committee on Armed Services, *Hearing on Current and Projected National Security Threats to the United States*, testimony of Admiral Lowell Jacoby, March 17, 2005.

77. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of Defense Peter W. Rodman, March 10, 2005, p. 12.

78. U.S. Department of State, Bureau of Verification and Compliance, *Adherence to and Compliance With Arms Control, Nonproliferation, and Disarmament Agreements and Commitments* (Washington, DC: August 30, 2005), pp. 73; 80.

79. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of Defense Peter W. Rodman, March 10, 2005, p. 12. See also U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 19; and Office of the Director of Central Intelligence, *Unclassified Report of the DCI to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions* (Washington, DC: November 2004), Attachment A. This last report described activity between July 1 and December 31, 2003.

80. U.S.-Senate Committee on Armed Services, *Hearing on Worldwide Threats to U.S. Interests*, testimony of Director of Central Intelligence George Tenet, March 19, 2002, p. 10. Citing LexisNexis transcript of the hearing.

81. U.S. Senate Committee on Armed Services, *Hearing on Current and Projected National Security Threats to the United States*, testimony of Admiral Lowell Jacoby, March 17, 2005.

82. Information on parent companies was provided to the Commission in October 2005 by the Department of Defense.

83. Christopher McNally, "Strange Bedfellows: Communist Party Institutions and New Governance Mechanisms in Chinese State Holding Corporations," *Business and Politics*, vol. 4, iss. 1 (2002), p. 4. See also Richard McGregor, "China's Ruling Party to Lift Role in Business," *Financial Times*, June 22, 2004, p. 7; and Wang Mengkui, "Qiyi Gaige Gongjian Fang'an," (A Plan for the Assault of Enterprise Reform), *Caijing*, October 1999.

84. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of Defense Peter W. Rodman, March 10, 2005, p. 12.

85. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 48.

86. Matthew Godsey and Gary Milhollin, "A Shell Game in the Arms Race," *New York Times*, February 25, 2005, p. A-23.

87. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 19. According to one unnamed U.S. official, "[w]hat you have to look for is evidence from the Chinese side that they are really cracking down [on proliferating entities], and we don't see that." Susan Lawrence, "U.S.-China Relations: Duel Over Sanctions," *Far Eastern Economic Review*, November 6, 2003.

88. Wade Boese, "Missile Regime Puts Off China," *Arms Control Today*, November 2004.

89. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, pp. 18-19.

90. Jonathan Davis, "Export Controls in The People's Republic of China: 2005," *Center for International Trade and Security* (Athens, GA: University of Georgia, February 2005), p. ix.

91. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 20.

92. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 20.

93. Jonathan Davis “Export Controls in The People’s Republic of China: 2005,” *Center for International Trade and Security* (Athens, GA: University of Georgia, February 2005), p. 37.

94. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Daniel Pinkston, March 10, 2005, p. 52.

95. U.S. Department of State, Bureau of Verification and Compliance, *Adherence to and Compliance With Arms Control, Nonproliferation, and Disarmament Agreements and Commitments* (Washington, DC: August 30, 2005), p. 72.

96. U.S. Department of State, Bureau of Verification and Compliance, *Adherence to and Compliance With Arms Control, Nonproliferation, and Disarmament Agreements and Commitments* (Washington, DC: August 30, 2005), p. 106.

97. Evan S. Medeiros, “Chasing the Dragon: Assessing China’s System of Export Controls for WMD-Related Goods and Technologies,” *The RAND Corporation* (September 2005), p. xi.

98. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 19.

99. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of Defense Peter W. Rodman, March 10, 2005, p. 12.

100. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 19.

101. Terrence Hunt, “Bush Administration Sets New Penalties Against Chinese Firms for Missile Proliferation,” *Associated Press*, January 18, 2005.

102. The Tokyo American Center and The Japan Institute for International Affairs, *Conference on Coordinating Allied Approaches to China*, remarks of John Bolton, February 7, 2005, p. 7.

103. Shirley Kan, “China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues,” *CRS Report for Congress* (Washington, DC: April 5, 2005), p. 32.

104. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 47.

105. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, pp. 47–48. In the First Session of the 109th Congress, the House of Representatives included language to House Resolution 2601, the State Department Authorization Bill, to expand some sanctions laws to include parent companies. House Resolution 2601 is currently on the Senate’s calendar.

106. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 48.

107. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 48.

108. U.S.-China Economic and Security Review Commission, *Hearing on China’s Proliferation Practices and Role in the North Korea Crisis*, testimony of Gary Milhollin, March 10, 2005, p. 48. See also Memorandum from The Wisconsin Project on Nuclear Arms Control to Commission staff regarding U.S. sanctions law, March 24, 2005.

109. U.S. Department of Treasury press release, “WMD Proliferation Financing Executive Order” (Washington, DC: June 29, 2005).

110. U.S. Senate Committee on Armed Services, *Hearing on Current and Projected National Security Threats to the United States*, testimony of Admiral Lowell Jacoby, March 17, 2005.

111. U.S. Department of State, Bureau of Nonproliferation, *The Proliferation Security Initiative* (Washington, DC: May 26, 2005). <http://www.state.gov/t/np/rls/other/46858.htm>

112. William Hawkins, “Chinese Realpolitik and the Proliferation Security Initiative,” *The Jamestown Foundation China Brief*, February 1, 2005.

113. U.S.-China Economic and Security Review Commission, *Hearing on U.S.-China Trade and Investment: Impact on Pacific Northwest Industries*, testimony of Nathaniel Ruda, January 13, 2005, p. 171.

114. U.S.-China Economic and Security Review Commission, *Hearing on U.S.-China Trade and Investment: Impact on Pacific Northwest Industries*, testimony of M.R. Dinsmore, January 13, 2005, pp. 172–173.

115. U.S.-China Economic and Security Review Commission, *Hearing on U.S.-China Trade and Investment: Impact on Pacific Northwest Industries*, testimony of Nathaniel Ruda, January 13, 2005, p. 171.
116. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (Washington, DC: March 2005).
117. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (Washington, DC: March 2005), p. 1.
118. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (Washington, DC: March 2005), p. 2.
119. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (Washington, DC: March 2005) pp. 3; 7; 10. To assist Sandia in verifying its methodology of identifying high-risk ports, the RAND Corporation conducted an independent study on high-risk ports.
120. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (March 2005), p. 10.
121. Government Accountability Office, *Preventing Nuclear Smuggling: DoE Has Made Limited Progress in Installing Radiation Detection Equipment at Highest Priority Foreign Seaports* (March 2005), p. 11.
122. China, Japan, North and South Korea, Russia and the United States are the parties involved in the Six-Party Talks that began in August 2003. The Six-Party Talks are discussed in detail later in this section.
123. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Balbina Y. Hwang, March 10, 2005, p. 114.
124. Scott Snyder, "Regime Change and Another Nuclear Crisis," *Comparative Connections* (1st quarter 2003).
125. Ted Carpenter, "Overestimating China's Willingness to Pressure North Korea," *NationalInterest.com*, August 6, 2003.
126. Mark Manyin, "Foreign Assistance to North Korea," *CRS Report for Congress* (Washington, DC: May 26, 2005), p. 20.
127. Mark Manyin, "Foreign Assistance to North Korea," *CRS Report for Congress* (Washington, DC: May 26, 2005), p. 26.
128. Mark Manyin, "Foreign Assistance to North Korea," *CRS Report for Congress* (Washington, DC: May 26, 2005), p. 26.
129. Michael Yoo, "China Seen from Korea: Four Thousand Years of Close Relationship," *RIETI Newsletter*, vol. 3 (April 28, 2003), p. 3.
130. Ted Carpenter, "Overestimating China's Willingness to Pressure North Korea," *NationalInterest.com*, August 6, 2003.
131. Ambassador Christopher Hill, Interview on *Newshour* (August 9, 2005).
132. U.S. Senate Committee on Armed Services, *Hearing on Current and Projected National Security Threats to the United States*, testimony of Admiral Lowell Jacoby, March 17, 2005.
133. Shirley Kan, "China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues," *CRS Report for Congress* (Washington, DC: April 5, 2005), p. 19.
134. "Yemen Demands Return of Seized North Korean Missiles," *Agence France Presse*, December 11, 2002.
135. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Assistant Secretary of State Stephen Rademaker, March 10, 2005, p. 20.
136. Edward Alden, "U.S. Moves on Bank Accused of Illicit N. Korea Links," *Financial Times*, September 16, 2005, p. 6. See also Glenn Simpson, Gordon Fairclough and Jay Solomon, "U.S. Probes Banks' North Korea Ties," *Wall Street Journal*, September 8, 2005, p. A-3.
137. U.S. Senate Committee on Foreign Relations, *Hearing on Dealing with North Korea's Nuclear Programs*, testimony of Assistant Secretary of State James Kelly, July 15, 2004, pp. 5-6. See also U.S. Task Force on U.S. Korea Policy, *Ending the North Korean Nuclear Crisis* (Washington, DC: November 2004), p. 9.
138. U.S. Senate Committee on Foreign Relations, *Hearing on Dealing with North Korea's Nuclear Programs*, testimony of Assistant Secretary of State James Kelly, July 15, 2004, pp. 5-6. See also U.S. Task Force on U.S. Korea Policy, *Ending the North Korean Nuclear Crisis* (November 2004), p. 9.

139. For a description of significant events, see: "Timeline: N. Korea Nuclear Standoff," *British Broadcasting Corp.* <http://news.bbc.co.uk/1/hi/world/asia-pacific/2604437.stm>

140. Elaine Kurtenbach, "China's Help Sought on North Korea Talks," *Associated Press*, February 17, 2005. See also Chris Buckley, "Rice's Appeal to China Draws Tepid Response; Beijing Makes No Promises on N. Korea," *New York Times*, March 22, 2005, p. A-6.

141. Elaine Kurtenbach, "China's Help Sought on North Korea Talks," *The Associated Press*, February 17, 2005.

142. For examples of China's protection of North Korea in the Security Council, see Donald Kirk, "N. Korean Nuke Talks Founder Under Distrust," *Newsday*, August 10, 2005, p. A-33; and "Learning the Hard Way," *The Economist*, August 23, 2003.

143. Sang-hun Choe, "North Korea Says it Won't 'Take Off Pants' for the U.N.," *Associated Press*, April 12, 2003.

144. Ambassador Christopher Hill, Interview on *Newshour* (August 9, 2005).

145. Joseph Kahn and David Sanger, "U.S.-Korean Deal on Arms Leaves Key Points Open," *New York Times*, September 20, 2005.

146. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Special Envoy Joseph DeTrani, March 10, 2005, p. 144.

147. U.S.-China Economic and Security Review Commission, *Hearing on China's Proliferation Practices and Role in the North Korea Crisis*, testimony of Daniel Pinkston, March 10, 2005, p. 58.

148. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 1.

149. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Fareed Mohamedi, July 21, 2005.

150. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 25.

151. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 29.

152. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), pp. 50-53.

153. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), pp. 3-4.

154. The American Enterprise Institute, *Panel on Energy Issues in U.S.-PRC Relations*, remarks of Zhenhua Zhao, May 9, 2005.

155. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 154.

156. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 50.

157. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 9.

158. Patrick Barta and Leslie Lopez, "Indonesia Raises Key Interest Rate," *Washington Post*, August 31, 2005, p. D-5.

159. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 33.

160. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 159.

161. U.S. Energy Department, Energy Information Agency, *International Energy Outlook 2005* (Washington, DC: 2005), p. 43.

162. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 153.

163. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Fareed Mohamedi, July 21, 2005.

164. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Fareed Mohamedi, July 21, 2005.

165. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.

166. The American Enterprise Institute, *Panel on Energy Issues in U.S.-PRC Relations*, remarks of Zhenhua Zhao, May 9, 2005.
167. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
168. Peter Goodman, "China Invests Heavily in Sudan's Oil Industry," *Washington Post*, December 23, 2004, p. A-1.
169. "China's Oil Ties to Sudan Force it to Oppose Sanctions," *Sudan Tribune*, October 20, 2004.
170. "China's Oil Ties to Sudan Force it to Oppose Sanctions," *Sudan Tribune*, October 20, 2004.
171. Peter Goodman, "China Invests Heavily in Sudan's Oil Industry," *Washington Post*, December 23, 2004, p. A-1.
172. The Heritage Foundation, *Panel on China's Quest for Energy*, remarks of Ilan Berman, May 26, 2005.
173. Christopher Buckley, "Venezuela Agrees to Export Oil and Gas to China," *New York Times*, December 27, 2004.
174. Peter Howard Werhiem, "Brazil Accepts China's 'Market Economy,' Inks Cooperation Pacts," *Oil & Gas Journal Online*, November 16, 2004.
175. Peter Howard Werhiem, "Brazil Accepts China's 'Market Economy,' Inks Cooperation Pacts," *Oil & Gas Journal Online*, November 16, 2004.
176. Lawrence Herman and Gary Hufbauer, "Lost in the Woods," *New York Times*, October 25, 2005, p. A-25.
177. Geoffrey York, "Oil Thirst From China Adds Fuel to Trade Tussle," *Globe and Mail*, October 14, 2004, p. A-1.
178. James Caverly, *The Future of China's Energy Security* (Carlisle, PA: U.S. Army War College Press, 2002), p. 324.
179. William Hawkins, "China Pursues 'Manifest Destiny' Through Mercantilism and Imperialism," *American Economic Alert*, February 3, 2005.
180. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
181. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
182. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
183. The Heritage Foundation, *Panel on China's Quest for Energy*, remarks of Gal Luft, May 26, 2005.
184. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
185. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Fareed Mohamedi, July 21, 2005.
186. "China Taps Into Canadian Resources," [www.eNews](http://www.eNews.com), May 24, 2005.
187. Clean coal technologies aim to improve the efficiency of coal combustion in order to reduce harmful environmental effects associated with coal use.
188. U.S.-China Economic and Security Review Commission, *Hearing on China's Growing Global Influence: Objectives and Strategies*, testimony of Gal Luft, July 21, 2005.
189. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 167.
190. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 168.
191. U.S.-China Economic and Security Review Commission, *2004 Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington, DC: June 2004), p. 168.
192. National Committee on U.S.-China Relations, *Discussion on Whither China: From Membership to Responsibility?*, remarks of Deputy Secretary of State Robert Zoellick, September 21, 2005.
193. Coal-to-liquids technology converts coal to liquids that can be burned more efficiently and cleanly.

194. This table was compiled by Shirley Kan, "China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues," *CRS Report for Congress* (Washington, DC: April 5, 2005), pp. 37–42.

195. Released by the U.S. Department of State on September 19, 2005. <http://www.state.gov/r/pa/prs/ps/2005/53490.htm>